

RESOLUTION NO. ____

**RESOLUTION OF
THE LOCAL AGENCY FORMATION COMMISSION OF NAPA COUNTY
MAKING DETERMINATIONS**

**COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
CITY OF NAPA**

WHEREAS, the Local Agency Formation Commission of Napa County (hereinafter referred to as “the Commission”) may conduct service reviews of local agencies pursuant to the Cortese-Knox-Hertzberg Local Government Reorganization Act of 2000 (Government Code Sections 56000 et seq., hereinafter referred to as “Act”); and

WHEREAS, the Commission adopted a schedule for service reviews on October 11, 2001; and

WHEREAS, pursuant to Government Code Section 56430, the Executive Officer designated a countywide service review of public water service in Napa County, which includes territory served by the City of Napa; and

WHEREAS, pursuant to its adopted schedule, the Commission held a public workshop on the “Comprehensive Water Service Study”, including the service review of the City of Napa’s water services, on June 12, 2003; and

WHEREAS, the Executive Officer prepared a written report of this service review that was presented to the Commission in the manner provided by law; and

WHEREAS, the Commission heard and fully considered all the evidence presented at its public workshop on June 12, 2003 and at meetings of the Commission on October 9, 2003, 2003, and December 11, 2003; and

WHEREAS, as part of this service review, the Commission is required pursuant to Government Code Section 56430(a) to make a statement of written determinations with regards to certain factors.

NOW, THEREFORE, THE COMMISSION DOES HEREBY RESOLVE, DETERMINE, AND ORDER as follows:

1. In accordance with the adopted Local Agency Formation Commission Environmental Impact Report Guidelines, and applicable provisions of the California Environmental Quality Act (CEQA), the Commission hereby determines that this service review is exempt from the provisions of CEQA under Section 15306 of the State CEQA Guidelines (Title 14 of the California Code of Regulations Section 15306). The service review is a data collection and research study. The information contained within the service review may be used to consider future actions that will be subject to environmental review.
2. The Commission adopts the statement of determinations set forth in "Exhibit A" which is attached and hereby incorporated by reference.

The foregoing resolution was duly and regularly adopted by the Local Agency Formation Commission of Napa County, State of California, at a regular meeting held on the 11th day of December, 2003, by the following vote:

AYES: Commissioners _____

NOES: Commissioners _____

ABSENT: Commissioners _____

ATTEST: EXECUTIVE OFFICER

Clerk of the Commission

By: _____

EXHIBIT A
COMPREHENSIVE WATER SERVICE STUDY
SERVICE REVIEW
CITY OF NAPA

STATEMENT OF DETERMINATIONS

1. With respect to infrastructure needs or deficiencies [Government Code §56430(a) (1)], the Commission determines that:
 - Through its local and imported water supply, the City of Napa has an adequate supply of water to meet existing and projected water demands under normal conditions within the timeframe of this study.
 - The City of Napa should continue to pursue opportunities to increase and enhance its available water supply and continue to educate its constituents with respect to water conservation opportunities. These actions will help to ensure an adequate water supply during periods of below normal and dry year conditions.
 - Through its contractual agreements, the City of Napa's water system performs a key role in the supply of potable water to the City of Calistoga, Town of Yountville, and the Congress Valley Water District. Napa should continue to address the system needs of these agencies in their water supply planning efforts. This includes evaluating and implementing mutually beneficial system improvements to maximize the timely availability of water to each affected agency, while minimizing the demand on Napa's stored reserves.
 - As a subcontractor of Napa County Flood Control and Water Conservation District, the City of Napa receives an annual entitlement of water drawn from the State Water Project. To account for the realities of water entitlements, Napa should continue to objectively differentiate between entitlements and actual deliveries in their water supply analysis. This is especially important to ensure an adequate supply of water during extended drought periods when deliveries are restricted.
 - In 2003, the Department of Water Resources issued the *State Water Project Delivery Reliability Report*. The report provides an assessment of State Water Project deliveries using historical precipitation rates along with projected land and water use demands through 2021. Notably, this report includes delivery estimates during drought periods. This report is a valuable tool for all SWP contractors and should be incorporated into Napa's water supply planning efforts.

- The City of Napa has made reasonable efforts to secure additional water supplies to meet existing and projected water demands within its service area. This demonstrates a continued effort by Napa to address system needs and deficiencies in a timely manner.
 - The City of Napa requires improvements to its treated water storage facilities to meet future maximum day water demands and ensure adequate reserves during an emergency or interruption in service.
 - The City of Napa has an agreement with the Napa Sanitation District permitting the District to solicit and provide reclaimed water service within a portion of its water service area. The extension of reclaimed water service within Napa's "reuse area" is an important component to its water conservation efforts and offers the promise of alleviating future potable water demands.
 - Reclamation is a beneficial and efficient use of existing water resources and will strengthen the City of Napa's water conservation efforts.
 - Evaluation of Napa Sanitation District's reclaimed water program within the City of Napa's water service area and its actual impact on the City's potable water demands should be evaluated in future studies.
2. With respect to growth and population projections for the affected area [Government Code §56430(a) (2)], the Commission determines that:
- The City of Napa evaluates its water service capacities using reasonable demand projections detailed in its *Water System Optimization and Master Plan (1997)*.
 - The calculation formula codified in Title 22 of the California Code of Regulations §64412(a)(2) is an appropriate method in estimating the total population served by the City of Napa's water service system. The population served by Napa's water system based on this calculation method is 80,167.
3. With respect to financing constraints and opportunities [Government Code §56430(a) (3)], the Commission determines that:
- The City of Napa's water service operations are primarily financed through the collection of fixed water usage fees; service fees are not collected. Due to the variance associated with this revenue source, Napa's water service operations could experience a significant loss in revenue during a drought when water sales are reduced as a result of conservation measures.
 - The City of Napa has been successful in supplementing its capital reserves with outside financing to cover the costs of implementing needed capital improvements to its water service operations.

- The City of Napa has an agreement with the Napa Sanitation District permitting the District to solicit and provide reclaimed water service within a portion of its water service area. As part of this agreement, Napa is reimbursed for the loss of potable water sales revenue attributed to a customer's conversion to reclaimed water service; reimbursement continues until Napa regains its previous revenue level (based on gallons) prior to conversion. This arrangement should provide Napa with added revenue over the short-term, while reducing its operation cost relating to the treatment and delivery of potable water.
 - As Napa Sanitation District begins to extend reclaimed water service within the City of Napa's water service area, future studies should further examine the long-term financial impact this arrangement has on Napa's water service operations.
4. With respect to cost avoidance opportunities [Government Code §56430(a) (4)], the Commission determines that:
- The City of Napa is a member of Napa County Flood Control and Water Conservation District's technical advisory committee, known as "Watrtac." This group provides NCFCWCD with input among the five cities and County as it relates to current and future water issues affecting Napa County. This advisory group provides Napa the opportunity to share costs with other participating agencies on projects of mutual interest and facilitates the exchange of service information.
 - The City of Napa is a funding participant in Napa County Flood Control and Water Conservation District's "2050 Study." This study's objective is to identify current and projected water demands within each participating agency's service area as well as document agricultural demands in unincorporated areas served by groundwater. This study will also examine the feasibility of pursuing cooperative water supply projects aimed at meeting countywide demands through 2050. Napa will benefit from the study and should continually explore collaborative opportunities aimed at identifying new and improved water supplies.
5. With respect to opportunities for rate restructuring [Government Code §56430(a) (5)], the Commission determines that:
- The City of Napa's water service rates were last increased in 1999 and are competitive with the rates offered by the other four cities in Napa County.
 - The City of Napa should consider adopting a service fee to supplement its bimonthly usage fee. A service fee would lessen the financial impact resulting from lost revenue during a drought when water sales are reduced as a result of conservation measures.

6. With respect to opportunities for shared facilities [Government Code §56430(a) (6)], the Commission determines that:

- As a subcontractor to Napa County Flood Control and Water Conservation District, the City of Napa is responsible for assuming its proportional costs for the delivery of water drawn from the State Water Project. Subcontractors are also responsible for paying a transportation charge that covers the cost associated with the infrastructure and facilities needed to capture and convey water to Napa County. These shared facilities include the North Bay Aqueduct and the Napa Turnout Reservoir. Costs relating to future upgrades and improvements to this conveyance system will be shared among each subcontractor as well as the Solano County Water Agency and its subcontractors.
- The City of Napa shares costs with the City of Calistoga and the Town of Yountville relating to its water treatment and delivery facilities for treating and conveying each agency's allotment of water entitlements drawn from the State Water Project. Napa's relationship with each of these agencies provide the mechanism for the City to share costs relating to future system improvements for its water system, while eliminating the need for Calistoga and Yountville to invest in duplicate conveyance infrastructure.
- The City of Napa and the Napa Sanitation District share resources relating to each agency's toilet retrofit program. Both agencies' programs are managed by a shared employee and offer incentives for constituents to replace their standard and low-flush toilets with ultra-flush toilets. This collaborative effort lessens the demand on Napa's potable water supply, while reducing the amount of wastewater needed to be collected and treated by Napa Sanitation District. This relationship facilitates cost efficiencies between both agencies and serves to encourage the efficient use of existing water resources within each agency's respective service area.

7. With respect to government structure options, including advantages and disadvantages of consolidation or reorganization of service providers [Government Code §56430(a) (7)], the Commission determines that:

- The City of Napa is the only public agency currently providing potable water service within its jurisdictional boundary. There are two other public agencies empowered to provide potable water service whose jurisdictions overlap that of Napa: the Napa County Flood Control and Water Conservation District and Napa County Resource Conservation District. Both of these agencies have elected not to offer water service, and have expressed no intentions of doing so in the foreseeable future.

- The City of Napa, the County of Napa, and LAFCO should establish a policy reconciling the provisions of Government Code §56133, which restricts the extension of water service outside an agency's adopted boundaries, with the provisions contained in the City's Charter Section 180 and Policy Resolution No. 7, which places its own restrictions on outside water service.
 - The City of Napa has elected not to exercise its right to provide reclaimed water service. Under the terms of a 1998 agreement, Napa permits the Napa Sanitation District to provide reclaimed water service within a specified portion of its water service area. A jurisdictional-wide arrangement for the provision of reclaimed water service would enhance planning between both agencies and facilitate greater opportunities for the extension of reclaimed water service for beneficial uses.
 - As part of a 1987 agreement, the City of Napa provides potable water supplies and maintains the distribution system for the Congress Valley Water District. This agreement specifies that the Congress Valley Water District voluntarily dissolve and turn over all assets to Napa in 2017. Future studies should evaluate the relationship between both agencies, including the impacts of dissolution and the benefits of alternative government structure options for the affected area.
8. With respect to evaluation of management efficiencies [Government Code §56430(a)(8)], the Commission determines that:
- Each year, the City of Napa provides a summary of past and projected revenues and expenditures stemming from its water service operations as part of its annual budget. The budget is adopted following a series of internal steps and reviews that precedes a public workshop and hearing in which members of the public are allowed to comment and offer suggestions with respect to expenditures relating to water service. In addition to enhancing the accountability of elected and appointed officials, the budget process provides a clear directive towards staff with respect to prioritizing city resources.
 - In 1997, the City of Napa prepared its first comprehensive water master plan. The plan recommended approximately 30 million dollars in capital improvement projects to address existing and future water system requirements through 2020. The capital improvement program was adopted by Napa's City Council and demonstrates a reasonable effort on behalf of management to address and update water quality and service objectives in a timely and efficient manner.
 - The City of Napa has sufficient capital reserves to finance necessary upgrades and improvements to its water system; reserves are generated from surplus revenue drawn from water sales. Applying surplus revenue from water sales is a fair and equitable approach to passing capital expenditures to ratepayers without incurring or relying on loans, special assessments, or bonded indebtedness to fund needed improvements.

9. With respect to local accountability and governance [Government Code §56430(a) (9)], the Commission determines that:

- The City of Napa City Council meetings are conducted twice a month and are open to the public. Public inquiries involving water service operations can be addressed to the Council at this time. Regularly scheduled council meetings provide an opportunity for Napa's constituents to ask questions of their elected representatives, while helping to ensure that service information is being effectively communicated to the public.
- The City of Napa makes reasonable efforts to maintain public dialogue with its constituents regarding its water service operations. These efforts facilitate local accountability and contribute to public involvement in local governance.
- The City of Napa is the largest potable water service provider in Napa County, serving approximately 80,000 customers. In addition to serving its own customers, Napa is under contract to provide potable water to three other public agencies in the County: City of Calistoga, Town of Yountville, and Congress Valley Water District. Napa should continue to diligently evaluate and implement improvements to its water service operations to meet system demands and help to ensure a safe and reliable water supply.
- The City of Napa is currently preparing two studies aimed at evaluating its water service system with respect to vulnerability and emergency response capabilities. Collectively, these studies should enhance Napa's ability to mitigate deficiencies to its water service facilities and improve system responses during an emergency or interruption in service.
- The City of Napa's Water Service Division actively pursues and promotes water conservation opportunities through various components of its water conservation program. This program helps to ensure the beneficial and long-term use of existing water resources within Napa's service area and is an important component in strengthening its local accountability.
- The City of Napa's administration and water service operations are maintained and managed by a responsive and professional staff. These characteristics enhance accountability and cultivate desirable working relationships with members of the public as well as other agencies.